GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

UNSTARRED QUESTION NO:3668
ANSWERED ON:23.08.2004
FIXING OF MINIMUM SUPPORT PRICE
Kaushal Shri Raghuvir Singh;Singh Shri Rajiv Ranjan (Lalan);Suman Shri Ramji Lal

Will the Minister of AGRICULTURE be pleased to state:

(a) The procedure of fixing the Minimum Support Price of agricultural products;

(b) Whether the CACP takes into account the cost of seeds, fertilizers, pesticides, mandays, expenses borne by the farmer on the crop, expenses on transportation, irrigation, power, interest on the cost of land, depreciation on implements and machinery, while fixing minimum support price for major crops;

(c) Whether the farmers are consulted in the process of fixing minimum support price; and

(d) If so, the constitution of the CACP indicating the representation of the farmer community as members?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI KANTI LAL BHURIA)

(a): The Government decides on the Minimum Support Prices (MSPs) for various agricultural commodities taking into account the recommendations of Commission for Agricultural Costs and Prices (CACP), the views of State Governments and concerned Central Ministries as well as such other relevant factors, which in the opinion of the Government, are important for fixation of MSPs.

(b): While recommending MSP, the CACP analyses data covering the cost of cultivation/ production, trends and spread of input use, production and productivity of the crop concerned, domestic and global market prices, inter-crop price parity, supply-demand situation, procurement and distribution, terms of trade etc. The cost of cultivation / production takes into account expenses incurred on agricultural inputs including seeds, fertilizers, pesticides, mandays, irrigation, power, transportation of inputs, interest on cost of land, depreciation on implements and machinery, etc. The cost covers not only paid-out costs but also imputed value of owned assets including land and family labour for which the farmers do not incur cash expenses.

(c): In formulating its price policy recommendations consultations are held with fanners and their representatives.

(d): The CACP is a seven member body consisting of a Chairman, a Member Secretary, two official Members and three non-official Members. The non-official members represent the farmer community.